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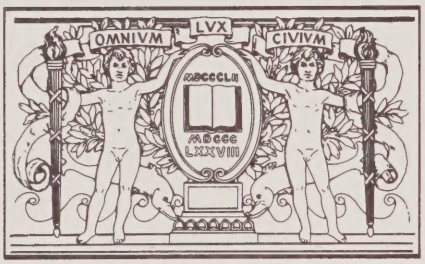

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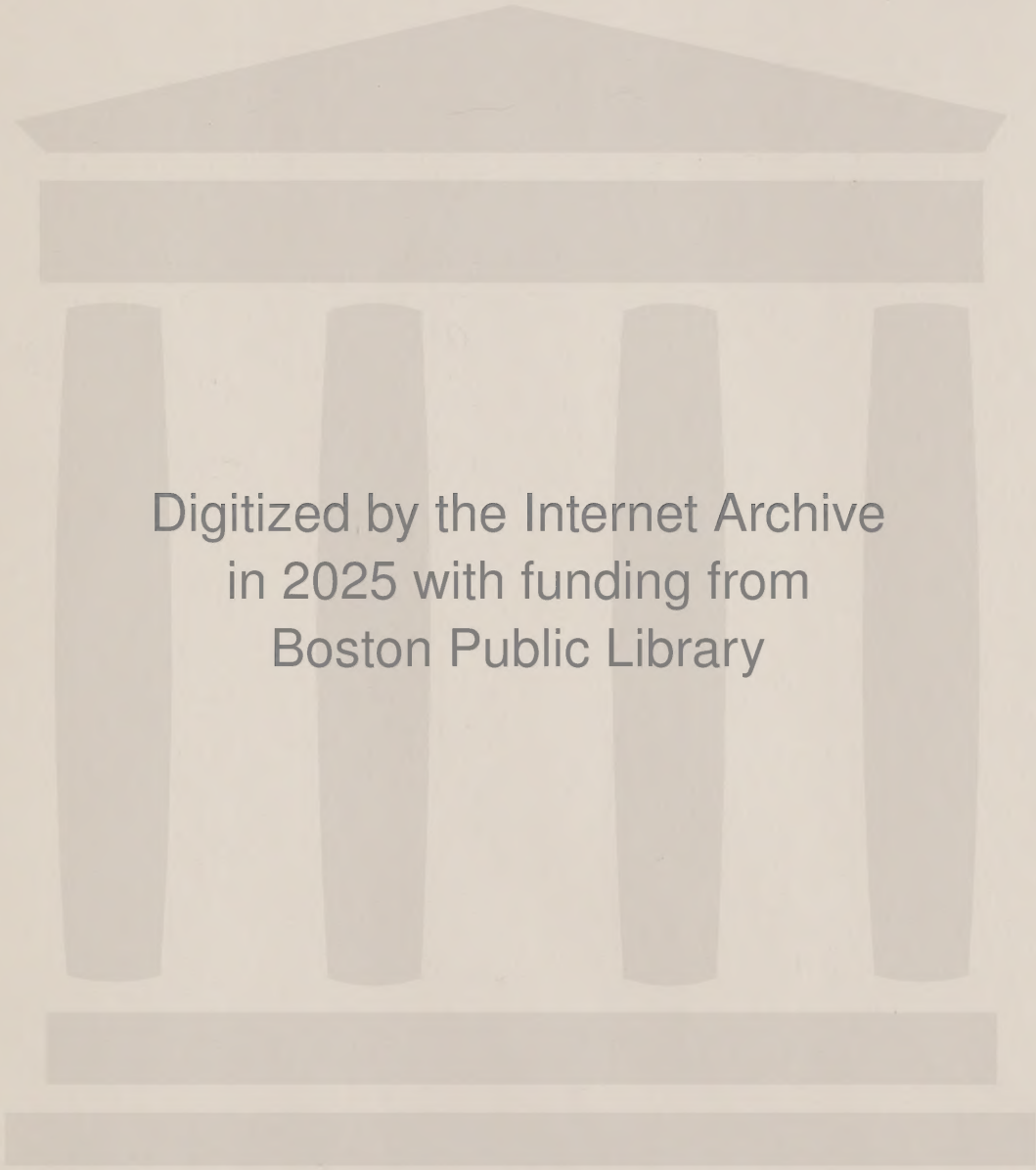
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REDEVELOPMENT OF THE CHARLESTOWN NAVY YARD

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The Charlestown Navy Yard

Development outside of Boston's downtown area has become increasingly important as the weak link between downtown investment and jobs and income in the neighborhoods has become more evident. Redevelopment of the Charlestown Navy Yard is the largest project outside of the downtown area. The recycled surplus land and buildings, new homes and commercial structures, and renovated and preserved historic buildings have turned an abandoned, nonpublic place into a new town in Boston, representing opportunity for Charlestown residents and providing a vital element in the city's renewal of the entire waterfront area.

Project Description

Redevelopment of the Charlestown Navy Yard is an extensive, multi-dimensional project that has been turning 133 acres of surplus government property into homes, shops, offices, historic attractions and public spaces. The restoration and adaptation of buildings and land, under the guidance of the Boston Redevelopment Authority (BRA), make up the largest redevelopment project in the United States. Eventually, investment in the project will total more than $700 million.

When finished, the Navy Yard will be, in effect, a new town in Boston. Its 7,000 or more residents will make the Navy Yard larger than half of the towns in Massachusetts, and it will provide more jobs than approximately 70 percent of the towns in the state. The Navy Yard is a vital element

in Boston's plans to realize the full potential of its harbor, to spread development closer to residents who need jobs and income and to create new housing without the strains of displacement.

The site is located north of the downtown area across Boston's Inner Harbor, separated from the rest of Charlestown by a major elevated highway, Route 1. The Navy Yard consists of four main areas: the Shipyard Park, the Historic Monument Area, the New Development Area and a 30-acre portion of the Boston National Historic Park. The latter, at the southern end of the Yard, includes the U.S.S. Constitution. The entire Navy Yard is listed in the National Register of Historic Places due to its historic and architectural significance.

The Navy established the Charlestown Yard in 1800 and produced the first United States warship there in 1813. Eventually, 141 ships were built in the Yard. Most of the 86 structures were built in the 19th century, including solid granite workshops and warehouses and the 1,360-foot Ropewalk where, for 135 years, the Navy made all of its hemp and manila rope. From 1926 to 1974, the Navy Yard manufactured its standard anchor chain in the forge shop. This industrial complex employed as many as 50,000 workers during World War II, and still had a workforce of 5,000 at the Yard's closing in 1974. When the U.S. Navy decommissioned the yard, the General Services Administration sold the land and structures to the BRA.

Charlestown Navy Yard (1)

The Navy Yard project has numerous elements. The public spaces feature the 16-acre Shipyard Park, developed by the BRA. The various private development teams have been and will be required to develop public spaces throughout the Navy Yard.

The New Development Area comprises 57 acres of land, piers and water, and contains both rehabilitated buildings and new construction. Developments in that area include:

* Building 42, converted in 1982 to 367 rental apartments known as Constitution Quarters at a cost of $28 million;

* Building 40, converted to a 367-car parking garage at a cost of $2 million;

* the Anchorage, formerly Building 103, transformed into 112 subsidized apartments for the elderly in 1985 at a cost of $6.9 million;

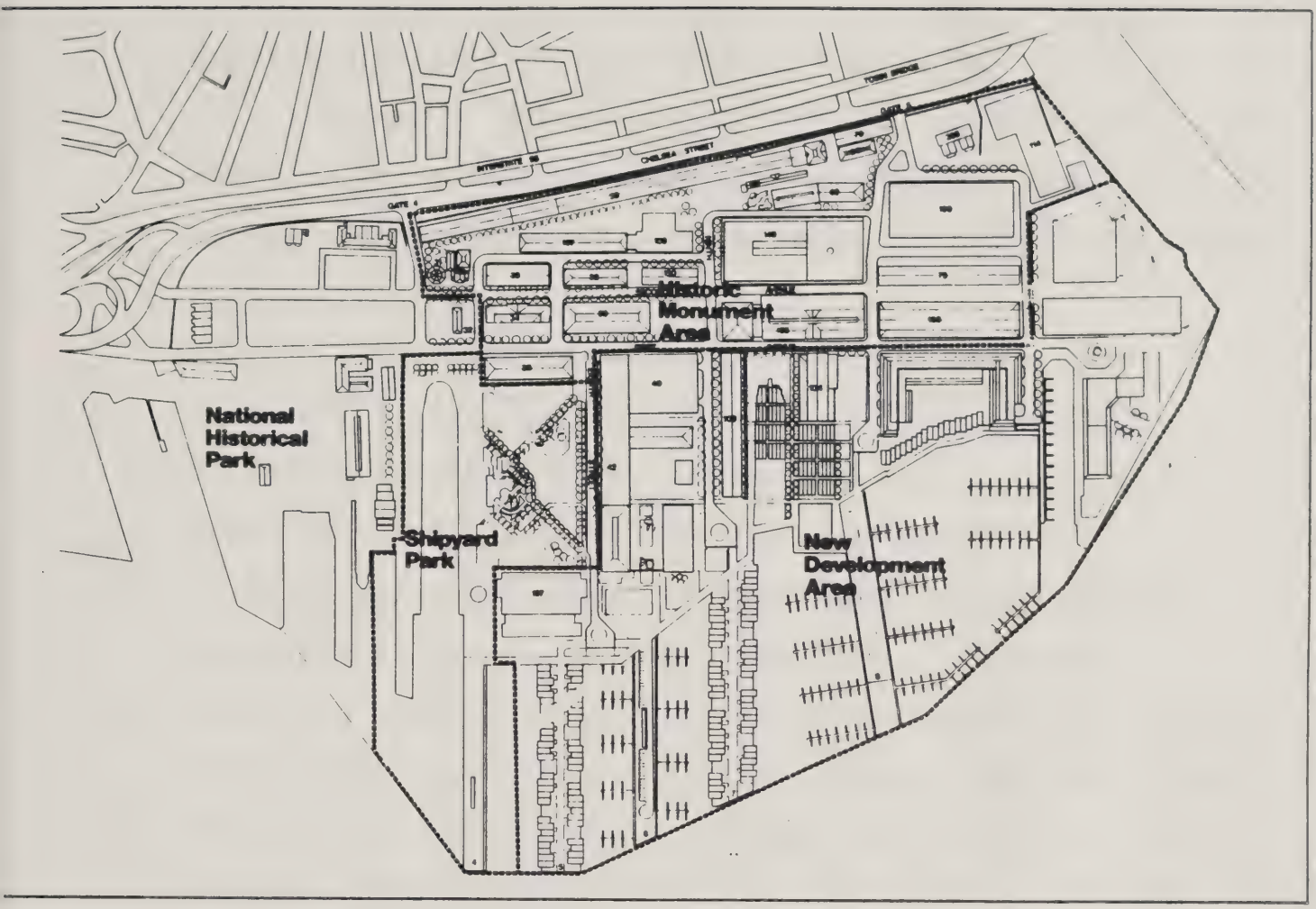
* Building 197, being converted into 154 condominium units, 13 of which will be newly constructed townhouses, along with an adjacent 165-car parking garage, at a total development cost of $25 million;

* the Shipways, a complex of 21 condominiums built in 1984, 27 condominiums and nine offices and a 92-car garage constructed in 1986, costing $9.2 million;

* Pier 6, refurbished into Shipyards Quarters Marina I, with slips for 150 boats, in 1982 at a cost of $3.5 million;

* Pier 8, a $4 million rehabilitation for a second marina, including slips for 200 boats;

Charlestown Navy Yard



* Pier 7, the site for 64 townhouse condominiums, with parking space for 110 cars, which will be completed in 1987 at a cost of $19 million;

* Parcel 4A, the site for 39 below-market-rate condominiums, with outdoor space for 39 cars, to be completed in 1987 at a cost of $3.7 million;

* Parcel 5, which includes Pier 11, will eventually be the site for a complex comprising apartments, shops, a garage and a restaurant or yacht club that will cost around $200 million;

* Piers 4 through 10 will encompass eleven more projects of varying size and scope, nine of which will involve mixed developments of housing, office and retail space and parking, for an undetermined development cost.

The 30-acre Historic Monument Area will be devoted primarily to office and retail projects. Of the 22 buildings available for development, 12 will be all or in part offices, seven will be all or in part for retail and service use, two will be residences and one is a parking garage. Four notable projects in the Historic Monument Area are:

* Building 34, the Parris Building, renovated into 36,000 gross square feet of office space and 13,000 square feet of retail space in 1986 at a cost of $4.5 million;

* Building 105, the Chain Forge, except for 30,000 gross square feet devoted to displaying monumental

equipment, to be converted into office and retail space by 1988 at a cost of $15.6 million;

* Building 149, renovated into office, medical laboratory and retail space, along with the creation of a 1,388-car parking garage in the adjoining Building 199, in 1986 at a cost of $61 million;

*Building 106, the Basilica, being recycled as 92 condominium units, nine of which will be subsidized units for elderly residents, along with an 84-car garage, at a total development cost of $9.5 million.

Development Teams

The primary developer in the Navy Yard is Immobiliare New England. Two Italian firms, Societa Generale Immobiliare and ICOS construction company, formed Immobiliare New England in 1976. RCC International, headed by Neil St. John Raymond, purchased Immobiliare and ICOS in July 1986. Immobiliare is the designated developer for the entire New Development Area and is developing some of the buildings in the Historic Monument Area, which are available to developers on an individual basis. In the New Development Area, the architect for Constitution Quarters was Anderson Notter Feingold. Other architects in that area included Jordan Gruzen Partnership--Building 197, Childs, Bertman, Tseckares and Casendino--Shipyard Quarters and Pier 8, Anderson Associates--Pier 6, and Notter Feingold Alexander--Pier 7.

The Congress Group, of Boston, has the second largest investment in the Navy Yard. The Congress Group carried out the initial development of Buildings 149 and 199, using the architects Huygens and DiMella. Immobiliare bought those buildings and will be refitting Building 149 for hospital use. Immobiliare secured Massachusetts General Hospital as the major tenant.

The Bricklayers and Laborers Non-Profit Housing Corporation and Immobiliare are co-developers for Parcel 4A.

Basilica Associates, whose general partners are Paul May and NAGE Housing Inc., of Boston, are developing Buildings 106 and 75. The architects are Vitols Associates.

Navy Yard Plaza Development Associates, Inc., of Boston, are a joint venture of Kenney Development Co., Joseph Flaherty and the First Charlestown Development Group. The latter is comprised of business people from the Charlestown neighborhood. The associates developed Building 34, the Parris Building, and Building 33, the Billings. The architects are The Architectural Team, Inc.

Immobiliare and the Congress Group formed a joint venture to bid for and gain designation as developers of Building 105, the Chain Forge. The architects will be the Architects Collaborative.

Immobiliare and the Barken Companies formed a joint venture for conversion of Building 103 to apartments. The architect was Bruner Cott.

Financing

Redevelopment of the Charlestown Navy Yard has relied on innovative, complex financing from private and public sources. In 1977, the Boston Redevelopment Authority (BRA) paid the General Services Administration $1.7 million for the New Development Area. Concurrently, the designated developer for the New Development Area, Immobiliare New England, loaned $1.7 million to the BRA. As the BRA conveys parcels of land to Immobiliare, the value of the parcels is deducted from the loan. The parcels will revert to the BRA after 99 years with the exception of parcels that have been developed into condominiums. Instead of a reverter clause, Immobiliare pays the BRA 4 percent of the gross sales price of condominiums and another 4 percent of the price is deducted from the New Development Area mortgage held by Immobiliare.

The BRA has carried out site improvements, including streets, sidewalks, lighting and landscaping, with a total of $7 million obtained from the Economic Development Administration, the Bureau of Outdoor Recreation, the Land and Water Conservation Fund, the Massachusetts Coastal Zone Management Coastal Facilities Improvement Program, the City of Boston and the U.S. Department of Housing and Urban Development through an Urban Development Action Grant (UDAG). The BRA has spent an additional $1.6 million on site improvements and will spend $2.1 million in 1987 on a third phase of improvements.

In developing the Anchorage elderly apartments, Building 103, the joint venture obtained a UDAG for $1.6 million, supplemented by a grant of $175,270 from the State Housing Assistance Rental Partnership (SHARP) program. In addition, the Massachusetts Housing Finance Agency, which administers the SHARP program, provided lower interest rates for the venture's bank loans and the developer placed $450,000 in escrow as a rent moderation fund. These four elements in combination have kept the rents at moderate levels.

The below-market-rate condominiums in the Parcel 4A project were financed with the help of a donation of land development rights by Immobiliare and the BRA and a contribution of $500,000 by Immobiliare.

Otherwise, the redevelopment projects in the Navy Yard to date have been privately financed. The listing of the Navy Yard in the National Register of Historic Places has meant that developers of buildings within the Yard have been eligible for the tax advantages related to historic buildings defined in the Federal Tax Reform Acts of 1976, 1981 and 1986.

Development Process

The development process began with the closing of the Navy Yard in 1974. The loss of jobs and the historic value of the site motivated the City of Boston to begin a process of creating new sources of employment and preserving the historic character of the area. After negotiations and

reviews involving the National Park Service, the Navy, the Bureau of Outdoor Recreation, the General Services Administration and the Boston Redevelopment Authority, the land and buildings became available for redevelopment in 1976. The Bureau of Outdoor Recreation sold the Shipyard Park site to the BRA for one dollar on the condition that it be used only for public recreational purposes. The General Services Administration transferred the 30-acre Historic Monument Area, including 22 buildings, to the BRA for one dollar, contingent upon preservation of the buildings and development and maintenance following strict guidelines. The guidelines were formed in an agreement between the BRA and the National Advisory Council on Historic Preservation.

The BRA incorporated the Navy Yard into the Charlestown urban renewal plan in 1976 following preparation of a tentative development plan the year before. Anderson Notter Feingold, under contract to the BRA, drew up a second master plan for the Navy Yard in 1978. Currently, the Navy Yard is included in the BRA's Harborpark Plan which seeks to combine private development with public benefits along the entire length of Boston's waterfront. Current Navy Yard plans emphasize housing in the New Development Area with provisions for low and moderate income people. The Historic Monument Area remains targeted for office and commercial uses.

Immobiliare New England, after its designation as developer of the New Development Area and the financing of

the BRA's land acquisition, began a gradual process of development. Rather than forging ahead on an extensive development program, Immobiliare renovated and constructed buildings in phases, using revenues from initial projects to kick off subsequent phases while testing the market for housing, office and retail. The presence and early success of Immobiliare encouraged other developers to invest in the Historic Monument Area. The pace of development was slow in the early 1980s, then, as Immobiliare moved into a second phase and other developers began their projects, construction surged ahead in 1985 and 1986. In the latter year, project completions amounted to $66.2 million in construction cost.

As part of the development process, the BRA has received commitments for linkage payments of $3.5 million from the two large developers in the Historic Monument Area. The money will be used in a housing trust to support construction of affordable housing. Also, smaller developers in the area will contribute 50 cents per square foot to a fund for community projects in Charlestown.

Two archeological digs have taken place in the National Historic Park with no significant findings. The New Development Area is virtually all landfill.

Public Participation

Public participation in the Navy Yard redevelopment began with an advisory committee composed of Charlestown residents and other interested parties. The committee played

an early role in the establishment of plans and guidelines by the BRA. That committee is currently inactive, but the BRA holds several public meetings annually on the Navy Yard project. The Harborpark Advisory Committee also reviews plans for the Navy Yard.

Community involvement is an important goal in the development program. The BRA designated a group of Charlestown merchants to develop two buildings in the Historic Monument Area. The BRA required one of the larger developers to establish an employment recruiting office for commercial tenants, that will seek residents of Charlestown and other parts of Boston. In addition, the Charlestown Community Development Corporation operates, under a 4-year lease, a marina that produces revenue for the CDC.

Status

By the end of 1986, private developers and the BRA had invested nearly $240 million in the New Development Area and the Historic Monument Area. Net new taxes had totaled $4,390,200. Lease payments to the BRA had amounted to $1,171,782 per year, plus a percentage of the operating revenues on commercial projects and a percentage of the sales price on condominiums. Developers had committed payments of an additional $3,813,700 to the linkage/community fund. Construction jobs had totaled 3,502, measured in person-years. The project will eventually support around 5,400 jobs in offices, research

facilities, retail stores and restaurants, hotels and other commercial activities.

Construction, planning and review were proceeding at a steady pace as 1986 ended. Total development investment appeared likely to exceed $700 million early in the 1990s.